

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

***Village of Casnovia***  
***Kent and Muskegon Counties, Michigan***  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended June 30, 2005*

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## CONTENTS

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	<i>Page</i>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>3 - 4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8
Statement of net assets - proprietary funds	9
Statement of revenues, expenses, and changes in net assets - proprietary funds	10
Statement of cash flows - proprietary funds	11
Notes to financial statements	12 - 18
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedule:	
General Fund	19
Major Street Fund	20

## INDEPENDENT AUDITORS' REPORT

Village Council  
Village of Casnovia, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of Casnovia, Michigan, as of June 30, 2005, and for the year then ended, which collectively comprise the Village of Casnovia, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Village of Casnovia, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Casnovia, Michigan, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 9, the Village has corrected its method of financial presentation to conform to the financial reporting model required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Village of Casnovia, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

*Siegfried Crandall P.C.*

October 11, 2005

## **BASIC FINANCIAL STATEMENTS**

**Village of Casnovia**  
**STATEMENT OF NET ASSETS**  
*June 30, 2005*

	<u><b>Governmental activities</b></u>	<u><b>Business-type activities</b></u>	<u><b>Totals</b></u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 103,332	\$ 34,003	\$ 137,335
Receivables, net	<u>16,964</u>	<u>1,875</u>	<u>18,839</u>
Total current assets	120,296	35,878	156,174
Noncurrent assets:			
Capital assets, net of depreciation	<u>253,165</u>	<u>42,218</u>	<u>295,383</u>
Total assets	<u>373,461</u>	<u>78,096</u>	<u>451,557</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	<u>13,129</u>	<u>-</u>	<u>13,129</u>
<b>NET ASSETS</b>			
Invested in capital assets	253,165	42,218	295,383
Restricted for public safety	25,663	-	25,663
Unrestricted	<u>81,504</u>	<u>35,878</u>	<u>117,382</u>
Total net assets	<u>\$ 360,332</u>	<u>\$ 78,096</u>	<u>\$ 438,428</u>

*See notes to the financial statements*

**Village of Casnovia**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2005

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>
Governmental activities:			
Legislative	\$ 11,097	\$ -	\$ -
General government	53,747	-	-
Public safety	10,927	2,977	-
Public works	<u>48,303</u>	<u>-</u>	<u>36,576</u>
Total governmental activities	124,074	2,977	36,576
Business-type activities:			
Sewer	<u>11,888</u>	<u>16,489</u>	<u>-</u>
Totals	<u>\$ 135,962</u>	<u>\$ 19,466</u>	<u>\$ 36,576</u>

General revenues:

Property taxes  
State shared revenue  
Unrestricted interest income  
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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**Net (expenses) revenues and changes in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business-type activities</u></b>	<b><u>Totals</u></b>
\$ (11,097)	\$ -	\$ (11,097)
(53,747)	-	(53,747)
(7,950)	-	(7,950)
<u>(11,727)</u>	<u>-</u>	<u>(11,727)</u>
(84,521)	-	(84,521)
<u>-</u>	<u>4,601</u>	<u>4,601</u>
<u>(84,521)</u>	<u>4,601</u>	<u>(79,920)</u>
48,132	-	48,132
28,754	-	28,754
3,283	124	3,407
<u>2,129</u>	<u>-</u>	<u>2,129</u>
<u>82,298</u>	<u>124</u>	<u>82,422</u>
(2,223)	4,725	2,502
<u>362,555</u>	<u>73,371</u>	<u>435,926</u>
<u>\$ 360,332</u>	<u>\$ 78,096</u>	<u>\$ 438,428</u>

See notes to the financial statements



**Village of Casnovia**  
**BALANCE SHEET - governmental funds**  
June 30, 2005

	<u>Major funds</u>			<u>Total</u>
	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>governmental funds</u>
<b>ASSETS</b>				
Cash	\$ 46,291	\$ 30,042	\$ 3,587	\$ 79,920
Receivables, net	11,058	5,158	748	16,964
Total assets	<u>\$ 57,349</u>	<u>\$ 35,200</u>	<u>\$ 4,335</u>	<u>\$ 96,884</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 6,882	\$ 4,997	\$ 1,250	\$ 13,129
Due to other funds	-	6,100	1,525	7,625
Total liabilities	6,882	11,097	2,775	20,754
Fund balances:				
Unreserved, undesignated	<u>50,467</u>	<u>24,103</u>	<u>1,560</u>	<u>76,130</u>
Total liabilities and fund balances	<u>\$ 57,349</u>	<u>\$ 35,200</u>	<u>\$ 4,335</u>	<u>\$ 96,884</u>
Fund balances - total governmental funds				\$ 76,130
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 5) are different because:				
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.				247,400
The internal service fund is used by management to charge the costs of equipment management to individual funds. The assets and liabilities of the internal service fund are included in <i>governmental activities</i> in the statement of net assets.				<u>36,802</u>
Net assets of <i>governmental activities</i>				<u>\$ 360,332</u>

See notes to the financial statements

**Village of Casnovia****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds**

Year ended June 30, 2005

	<b>Major funds</b>			<b>Total governmental funds</b>
	<b>General</b>	<b>Major Street</b>	<b>Local Street</b>	
<b>REVENUES</b>				
Property taxes	\$ 48,132	\$ -	\$ -	\$ 48,132
Licenses and permits	2,977	-	-	2,977
State grants	28,754	32,035	4,541	65,330
Interest and rentals	3,104	62	11	3,177
Other	2,129	-	-	2,129
<b>Total revenues</b>	<b>85,096</b>	<b>32,097</b>	<b>4,552</b>	<b>121,745</b>
<b>EXPENDITURES</b>				
Legislative	11,097	-	-	11,097
General government	47,088	-	-	47,088
Public safety	10,927	-	-	10,927
Public works	16,219	26,977	7,099	50,295
<b>Total expenditures</b>	<b>85,331</b>	<b>26,977</b>	<b>7,099</b>	<b>119,407</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(235)</b>	<b>5,120</b>	<b>(2,547)</b>	<b>2,338</b>
<b>FUND BALANCES - BEGINNING</b>	<b>50,702</b>	<b>18,983</b>	<b>4,107</b>	<b>73,792</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 50,467</b>	<b>\$ 24,103</b>	<b>\$ 1,560</b>	<b>\$ 76,130</b>
Net change in fund balances - total governmental funds				\$ 2,338
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.				
Deduct: provision for depreciation				(6,864)
The net revenues of the internal service fund are reported with governmental activities.				2,303
Change in net assets of <i>governmental activities</i>				\$ (2,223)

See notes to the financial statements

**Village of Casnovia**  
**STATEMENT OF NET ASSETS - proprietary funds**  
June 30, 2005

	<b><u>Business-type activities</u></b>	<b><u>Governmental activities</u></b>
	<b><u>Enterprise</u></b>	<b><u>Internal</u></b>
	<b><u>Sewer</u></b>	<b><u>service</u></b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 34,003	\$ 23,412
Receivables, net	1,875	-
Due from other funds	<u>-</u>	<u>7,625</u>
Total current assets	35,878	31,037
Noncurrent assets:		
Capital assets, net of depreciation	<u>42,218</u>	<u>5,765</u>
Total assets	<u>78,096</u>	<u>36,802</u>
<b>NET ASSETS</b>		
Invested in capital assets	42,218	5,765
Unrestricted	<u>35,878</u>	<u>31,037</u>
Total net assets	<u>\$ 78,096</u>	<u>\$ 36,802</u>

See notes to the financial statements

**Village of Casnovia****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - *proprietary funds***

Year ended June 30, 2005

	<b><i>Business-type activities</i></b>	<b><i>Governmental activities</i></b>
	<b><i>Enterprise</i></b>	<b><i>Internal service</i></b>
	<b><i>Sewer</i></b>	
<b>OPERATING REVENUES</b>		
Charges for services:		
Sewer charges	\$ 16,489	\$ -
Equipment rentals	-	12,323
Total operating revenues	16,489	12,323
<b>OPERATING EXPENSES</b>		
Personal services	2,925	2,350
Contractual services	2,463	-
Supplies	92	2,344
Utilities	366	-
Repair and maintenance	-	3,533
Miscellaneous	200	379
Depreciation	5,842	1,520
Total operating expenses	11,888	10,126
<b>OPERATING INCOME</b>	4,601	2,197
<b>NONOPERATING REVENUE</b>		
Interest income	124	106
<b>CHANGE IN NET ASSETS</b>	4,725	2,303
<b>NET ASSETS - BEGINNING</b>	73,371	34,499
<b>NET ASSETS - ENDING</b>	\$ 78,096	\$ 36,802

See notes to the financial statements

**Village of Casnovia**  
**STATEMENT OF CASH FLOWS - proprietary funds**  
Year ended June 30, 2005

	<b><u>Business-type activities</u></b>	<b><u>Governmental activities</u></b>
	<b><u>Enterprise</u></b>	<b><u>Internal service</u></b>
	<b><u>Sewer</u></b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 15,772	\$ -
Receipts from interfund services provided	-	10,260
Payments to suppliers	(3,121)	(6,256)
Payments to employees	<u>(2,925)</u>	<u>(2,350)</u>
Net cash provided by operating activities	9,726	1,654
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>124</u>	<u>106</u>
<b>NET INCREASE IN CASH</b>	9,850	1,760
<b>CASH - BEGINNING</b>	<u>24,153</u>	<u>21,651</u>
<b>CASH - ENDING</b>	<u>\$ 34,003</u>	<u>\$ 23,411</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 4,601	\$ 2,197
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,842	1,520
Increase in receivables	(717)	-
Increase in due from other funds	<u>-</u>	<u>(2,063)</u>
Net cash provided by operating activities	<u>\$ 9,726</u>	<u>\$ 1,654</u>

See notes to the financial statements

**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Village of Casnovia, Michigan (the Village), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*a) Reporting entity:*

In accordance with generally accepted accounting principles and the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Village. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based upon the application of these criteria, there are no other entities for which the Village exercises oversight responsibility.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Major Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the Village's major streets.

The Village reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the Village's sewer system.

Additionally, the Village reports an internal service fund that accounts for equipment management services provided to other departments of the Village on a cost-reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary fund is charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash is considered to be cash on hand and demand deposits.

*ii) Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Village considers all receivables to be fully collectible.

*iii) Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., streets and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Village has elected to account for infrastructure assets prospectively, beginning July 1, 2003.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 20 years
Vehicles	5 years
Sewer systems	10 - 40 years

*iv) Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.



**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Village's general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

**NOTE 3 - CASH:**

At June 30, 2005, cash is classified in the accompanying statement of net assets as follows:

Statement of net assets:	
Governmental activities	\$ 103,332
Business-type activities	<u>34,003</u>
Total cash	<u>\$ 137,335</u>

At June 30, 2005, cash consists entirely of deposits with a single financial institution.

*Deposits with financial institutions* - State statutes and the Village's investment policy authorize the Village to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Village's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Village will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of June 30, 2005, \$18,410 of the Village's bank balances of \$142,434 was exposed to custodial credit risk because it was uninsured.

**NOTE 4 - RECEIVABLES:**

At June 30, 2005, the Village's receivables are as follows:

	<u>Accounts</u>	<u>Inter- govern- mental</u>	<u>Totals</u>
Governmental activities:			
General Fund	\$ -	\$ 11,058	\$ 11,058
Major Street Fund	-	5,158	5,158
Local Street Fund	-	748	748
Total governmental activities	<u>\$ -</u>	<u>\$ 16,964</u>	<u>\$ 16,964</u>
Business-type activities:			
Sewer Fund	<u>\$ 1,875</u>	<u>\$ -</u>	<u>\$ 1,875</u>

All receivables are due within one year and are considered fully collectible.

**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings	\$ 386,383	\$ -	\$ -	\$ 386,383
Equipment	38,334	-	-	38,334
Vehicles	27,214	-	-	27,214
Subtotal	<u>451,931</u>	<u>-</u>	<u>-</u>	<u>451,931</u>
Less accumulated depreciation for:				
Buildings	132,119	6,863	-	138,982
Equipment	31,051	1,519	-	32,570
Vehicles	27,214	-	-	27,214
Subtotal	<u>190,384</u>	<u>8,382</u>	<u>-</u>	<u>198,766</u>
Total governmental activities capital assets, net	<u>\$ 261,547</u>	<u>\$ (8,382)</u>	<u>\$ -</u>	<u>\$ 253,165</u>
Business-type activities:				
Capital assets being depreciated:				
Sewer system	\$ 469,447	\$ -	\$ -	\$ 469,447
Buildings	31,684	-	-	31,684
Equipment	42,468	-	-	42,468
Subtotal	<u>543,599</u>	<u>-</u>	<u>-</u>	<u>543,599</u>
Less accumulated depreciation for:				
Sewer system	438,594	803	-	439,397
Buildings	22,971	792	-	23,763
Equipment	33,974	4,247	-	38,221
Subtotal	<u>495,539</u>	<u>5,842</u>	<u>-</u>	<u>501,381</u>
Total business-type activities capital assets, net	<u>\$ 48,060</u>	<u>\$ (5,842)</u>	<u>\$ -</u>	<u>\$ 42,218</u>

**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	\$	6,658
Public works		<u>1,724</u>
Total governmental activities	\$	<u>8,382</u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:**

At June 30, 2005, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
Equipment Fund	\$ <u>7,625</u>	Major Streets	\$ 6,100
		Local Streets	<u>1,525</u>
		Total	\$ <u>7,625</u>

The amounts due to the Equipment Fund represent amounts due for equipment rentals.

**NOTE 7 - RISK MANAGEMENT:**

The Village is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability up to \$2,000,000, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

**NOTE 8 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended June 30, 2005, follows:

Revenues	\$ 1,716
Expenses	<u>(5,404)</u>
Deficiency of revenues over expenses	\$ <u>(3,688)</u>

**Village of Casnovia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 9 - CORRECTION OF ERROR**

Effective July 1, 2004, the Village adopted the financial reporting model required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Implementation of this statement was required July 1, 2003. In connection with the adoption of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets, as previously reported	\$ 73,792
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	254,264
The Internal Service Fund is used by management to charge the costs of equipment management to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	<u>34,499</u>
Net assets, as restated	<u>\$ 362,555</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Casnovia**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 40,525	\$ 40,525	\$ 48,132	\$ 7,607
Licenses and permits	1,373	1,373	2,977	1,604
State grants	35,000	35,000	28,754	(6,246)
Interest and rentals	2,100	2,100	3,104	1,004
Other	400	400	2,129	1,729
Total revenues	<u>79,398</u>	<u>79,398</u>	<u>85,096</u>	<u>5,698</u>
<b>EXPENDITURES</b>				
Legislative	<u>7,000</u>	<u>11,600</u>	<u>11,097</u>	<u>503</u>
General government:				
Professional fees	4,800	6,900	9,043	(2,143)
Clerk	5,500	5,500	5,328	172
Treasurer	5,500	5,500	5,328	172
Buildings and grounds	16,500	18,300	15,578	2,722
Insurance	8,000	8,200	8,130	70
General administration	<u>1,500</u>	<u>1,500</u>	<u>3,681</u>	<u>(2,181)</u>
Total general government	<u>41,800</u>	<u>45,900</u>	<u>47,088</u>	<u>(1,188)</u>
Public safety:				
Inspections	500	5,000	5,404	(404)
Fire protection	<u>6,000</u>	<u>6,000</u>	<u>5,523</u>	<u>477</u>
Total public safety	<u>6,500</u>	<u>11,000</u>	<u>10,927</u>	<u>73</u>
Public works:				
Street lighting	6,000	6,000	5,905	95
Sanitation	<u>12,000</u>	<u>12,000</u>	<u>10,314</u>	<u>1,686</u>
Total public works	<u>18,000</u>	<u>18,000</u>	<u>16,219</u>	<u>1,781</u>
Total expenditures	<u>73,300</u>	<u>86,500</u>	<u>85,331</u>	<u>1,169</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,098	(7,102)	(235)	6,867
<b>FUND BALANCES - BEGINNING</b>	<u>50,702</u>	<u>50,702</u>	<u>50,702</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 56,800</u>	<u>\$ 43,600</u>	<u>\$ 50,467</u>	<u>\$ 6,867</u>

**Village of Casnovia****BUDGETARY COMPARISON SCHEDULE - Major Street Fund**

Year ended June 30, 2005

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
State grants	\$ 32,000	\$ 32,000	\$ 32,035	\$ 35
Interest income	<u>100</u>	<u>100</u>	<u>62</u>	<u>(38)</u>
Total revenues	<u>32,100</u>	<u>32,100</u>	<u>32,097</u>	<u>(3)</u>
<b>EXPENDITURES</b>				
Public works:				
Preservation	18,000	18,000	19,190	(1,190)
Traffic services	1,000	1,200	848	352
Winter maintenance	8,500	9,200	5,607	3,593
Administration	<u>1,800</u>	<u>1,800</u>	<u>1,332</u>	<u>468</u>
Total expenditures	<u>29,300</u>	<u>30,200</u>	<u>26,977</u>	<u>3,223</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,800	1,900	5,120	3,220
<b>FUND BALANCES - BEGINNING</b>	<u>18,983</u>	<u>18,983</u>	<u>18,983</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 21,783</u>	<u>\$ 20,883</u>	<u>\$ 24,103</u>	<u>\$ 3,220</u>